

**UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF NEW YORK**

In re

Madison Stock Transfer Inc.

Debtor,

Chapter 11

Case No. 19-23364-RDD

**DECLARATION OF STUART J. WELLS IN SUPPORT OF CREDITOR  
X-CLEARING CORP.'S BANKRUPTCY RULE 2004 DISCOVERY APPLICATION**

I, STUART J. WELLS, declare under penalty of perjury that the foregoing is true and correct:

1. I am an attorney duly admitted to practice law before the New York State Courts and the United States District Court for the Southern District of New York. I make this declaration in support of the *ex parte* motion (the “Motion”) of creditor X-Clearing Corp., n/k/a Somerset Capital Ltd. (“X-Clearing”), authorizing Rule 2004 discovery from Debtor Madison Stock Transfer, Inc. (the “Debtor” or “Madison”), New York Commercial Bank, n/k/a as New York Community Bank, JP Morgan Chase Bank, HSBC Bank and Robert Lubin, CPA (“Lubin”).

2. The Debtor is a stock transfer agent that is used by publically traded companies to keep track of individuals and entities that own their stock and bonds. The transfer agent performs three main functions: (i) issues and cancels certificates to reflect changes in ownership; (ii) acts as an intermediary for the company to assist in paying dividends or other distributions and (iii) handles lost, destroyed or stolen certificates. *See generally*, <https://www.sec.gov/fast-answers/answerstransferagenthtm.html>.

3. In or about June 2012, X-Clearing and Madison Stock entered into a settlement agreement resolving certain claims arising out of Madison Stock’s alleged inference with various arrangements between X-Clearing and another entity. Defaults occurred under the settlement

agreement, and on or about November 29, 2016, X-Clearing obtained a judgment (the “Judgment”) against Madison in action entitled *X-Clearing Corporation v. Marine Exploration, Inc. and Madison Stock Transfer, Inc.*, District Court, City and County of Denver, State of Colorado, Case No. 2015CV32320. The Judgment was in the principal amount of \$827,449 with interest continuing to accrue at the contract rate of 18%.

4. The Judgement was domesticated in New York under an action entitled *X-Clearing Corp. v. Madison Stock Transfer, Inc.*, Supreme Court of the State of New York, County of Kings, Index No. 521563/2016 (the “NY Action”). A copy of a Transcript of the Judgment is attached hereto as Exhibit A.

5. After Madison Stock perpetually evaded and ignored X-Clearing’s judgment enforcement efforts, X-Clearing sought the appointment of a receiver in the NY Action.

6. On July 11, 2019, I attended oral argument with respect to the receivership application. From the bench, the NY court orally granted the application to appoint a receiver, but before an Order could be entered, the Petition commencing the instant case was filed on July 24, 2019.

7. As more fully set forth in the Motion, X-Clearing seeks discovery of information that is critical to understanding the Debtor’s assets, finances and operations.

Dated: September 10, 2019  
New York, New York



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STUART J. WELLS